

## **Head 10 - Commission to Investigate Allegations of Bribery or Corruption**

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### **1. Financial Statements**

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#### **1.1 Unqualified Opinion**

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The audit of the financial statements of the Commission to Investigate Allegations of Bribery or Corruption for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with provisions of the National Audit Act No.19 of 2018. The summary report including my comments and observations on the Financial Statements of the Commission to Investigate Allegations of Bribery or Corruption was issued to the Accounting officer on 31 May 2019 in terms of section 11(1) of the National Audit Act No. 19 of 2018. This report will be tabled in parliament in pursuance of Provisions in Article 154 (6) of the Constitution to be read in conjunction with section 10 of the National Audit Act No.19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission to Investigate Allegations of Bribery or Corruption as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibility of the Chief Accounting Officer in relating to the Financial Statements**

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The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and Provision in Section 38 of the National Audit Act No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per section 16 (1) of the National Audit Act No. 19 of 2018, the commission is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the commission and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- It had been included that structure and content of the financial statements are based transactions and events appropriate and fairly included when presenting the financial statements as a whole.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **1.5. Report on Other Legal and Regulatory Requirements**

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I express the following matters in accordance with section 6 (d) of National Audit Act No. 19 of 2018.

- (a) Since there was no need for the presentation of financial statements for the preceding years. It could not be stated that the financial statements presented was consistent with the preceding year.

- (b) Since, there was no requirement for the Commission to Investigate Allegations of Bribery or Corruption to prepare financial statements for the preceding year, recommendations on the financial statements had not been presented.

## 2. Financial Review

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### 2.1 Expenditure Management

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The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Making Excess Provision		
----- The balance after the utilization of provisions allocated for 08 objects was from 10 per cent to 64 per cent out of the provisions made due to the allocation of excess provisions of Rs.64.25 million.	Annual expenditure estimates should be prepared for accomplishing the provisions stated in the financial regulation 50.	Payments could not be made due to the reasons of imprests are not sufficient the contract hand over to the Department of Buildings could not be completed within the relevant period and bills not received in appropriate time.
(b) Obtaining allocations for supplementary estimate provisions	Expenditure estimates should be prepared as per financial regulation 50.	Relevant foreign conferences had not been held due to the reason of political confusion occurred in the country in previous year.

### 2.2 Non-compliance with Laws, Rules and Regulations

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The non – compliance with provisions of laws, rules and regulations that were observed at audit test checks are analysed below.

Observation	Recommendation	Comments of the Chief Accounting Officer
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Reference to laws, non – compliance rules and regulations	--	

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 Financial Regulations  
 of the Democratic  
 Socialist Republic of  
 Sri Lanka  
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(i) Financial Regulation 137 (3)	Payments had been made by the institution to the electricity Board without considering the labour and overhead cost in connection with the maintenance activities of the electricity.	Payments should be made as per the financial regulations 137 (3)	Agree with the observation. Action will be taken to maintain a register to calculation the spend time for man hours in future.
(ii) Financial Regulation 211	Delay charges amounting to Rs.45,415 had been paid to the Electricity Board in connection with delay payment of electricity bills of the Commission.	Actions should be taken as per the financial regulation 211.	This had been occurred in the reason of delay in respect of imprests.
(iii) Financial Regulation 104	Primary and complete reports had not been presented in connection with 2 vehicle accidents of the commission which were faced to accidents in the month of September 2018.	Actions should be taken as per the financial regulation 104.	Primary report had been presented for one vehicle an initiate the investigations at present for the other vehicle.
(b) Public Finance Circulars			
Public Finance Circular No.02/2015 dated 10 July 2015.	Condemned vehicles had not been disposed.	Action should be taken as per the Public Finance Circular No.02/2015	Agree with the observation. Disposal activities are being doing.

dated 10 July  
2015.

### 3. Operating Review

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#### 3.1 Planning

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The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Activities plan, Time frame implement, expected out put/ result of that activities and updated organization chart of the institution had not been included in the action plan prepared by the Commission for the year under review.	An Action Plan should be prepare as per the Public Finance Circular No.2014/01 dated 17 February 2014.	It is expect to present on action plan in future years without these deficiencies.

#### 3.2 Non – fulfilment of Activities

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The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) According to the Action Plan of the Commission targets had been established complete the cadre vacancies of the commission but action had not been taken to fill 15 positions including 03 Deputy Director post, 2 Assistant Director Post and 11 Assistant Director (Legal) post.	Actions should be taken to fulfil the targets of the action plan.	Out of 3 post of Deputy Directors one post had been filled. There are not qualified persons for the post of Assistant Director while action is being taken to call applications for that. Recruitment activities are being taken to fill for the post of Assistant Director (Legal).
(b) Eliminate the old building and activities such as construction of new building in the land	Actions should be taken to fulfil the targets of the action plan.	Action is being taken to eliminate the old building. After eliminating the old building the function of the construction of

of the Commissioner of Prison quarters existed had not been done as per planned.

new building is take place.

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|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------------|
| (c) | Activities of the Construction of the new security wall had not been fulfilled as per annual procurement plan which is schedule to complete the work at the date of 15 September 2018. | Actions should be taken to fulfil the targets of the action plan. | Quotations had been called by the Department of Buildings for this activity. |
| (d) | Modernisation of the vehicle park had not been done.                                                                                                                                   | Actions should be taken to fulfil the targets of the action plan. | Agree with the observation.                                                  |

### 3.3 Annual Performance Report

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The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Annual performance report had not been presented to audit as per the section 16.2 of the National Audit Act No.19 of 2018 and Public Finance Circular No.402 dated 12 September 2002.	Annual Performance Report should be presented to audit as per the provisions in the National Audit Act.	Annual Performance Report had been prepared and presented it to the office of the President.

### 3.4 Procurements

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The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) To reject the minimum bid in connection with purchasing of 10 Motor Bikes by the	Action should be taken as per the guideline 7.11.1 of the Government Procurement Guideline.	Technical Evaluation Committee has consider the recommendations given by the relevant divisions in

Commission the reason had not been mentioned in Bid Evaluation Reports.

connection with Motor Bikes which are relevant to use Motor Bikes.

- (b) Report of the Price Opening Committee relevant to the purchase of laptop computers, The Chairman of that Committee had not been signed. Action should be taken as per the guideline 6.3.6 of the Government Procurement Guideline. Signature could not be placed by the omission.
- (c) Only one member had been signed in the Report of the Price Opening Committee which relevant to the purchase of office furniture for the Commission. Action should be taken as per the guideline 6.3.6 of the Government Procurement Guideline. At present of the one member quotations had been opened on the reasons of other members are not presence.
- (d) Name of the rejected Bidders and reason for the rejection had not been stated in the Bid Evaluation Report on procurement process of purchasing of office furniture to the Commission. Action should be taken as per the guideline 7.11.1 of the Government Procurement Guideline. Agree with the observation.

### 3.5 Losses and Damages

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 The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
(a) Action had not been taken to recover the amount of Rs.11,371 from the driver even as at month of May 2019 which was decided to recover from the driver in connection with a loss happen to a vehicle on the accident happened in the month of April 2018.	Action should be take to recover the loss.	The driver had relinquish the area and has gone to Jaffna area at present. When find the driver's living address action will be taken to recover the amount.
(b) Accident happened in the month of September 2018 to the two motor vehicles of the Commission any information had not been mentioned in the statement of loss and omission.	Should be stated in the statement of Lossess.	Loss had not been assessed appropriately in the reason of that it had not been entered in there.

### 4. Achievement of Sustainable Development Goals

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 The following observation is made.

Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
In the inspection of achievement of objects and targets by the Commission according to the United Nations 2030 on Sustainable development agenda should be achieve objectives and targets to identify the making relevant plans, to identify the objectives of Sustainable development and reaching towards the targets and could measure the indices such as functions had not been taken during the year 2018.	Being making necessary plans to identify the sustainable goals and targets and functions should be taken to achieve those.	Discussion had not initiate by this institution upto now for the implementation of Sustainable development goals and a letter had been referred to the Ministry of Sustainable Development and wile life as to hold an awareness programme about that.



